

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on February 19, 2003 at 8:00 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Jim Keane, Vice Chairman (D)
Rep. Donald Steinbeisser, Vice Chairman (R)
Rep. Bob Bergren (D)
Rep. Rod Bitney (R)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Ray Hawk (R)
Rep. Bob Lawson (R)
Rep. Rick Maedje (R)
Rep. Gary Matthews (D)
Rep. Scott Mendenhall (R)
Rep. Penny Morgan (R)
Rep. Allen Rome (R)
Rep. Sandy Weiss (D)
Rep. Bill Wilson (D)

Members Excused: None.

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Alberta Strachan, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 575 (2/13/03); HB 582 (2/13/03);
HB 603 (2/13/03); HJR 27 (2/13/03)

Executive Action: HB 597 Do Pass; HB 622 Tabled; HB
534 Tabled; HJR 27 Tabled; HB 575
Tabled; HB 582 Tabled

HEARING ON HB 582

Sponsor: REP. CAROL JUNEAU, HD 85, Browning

Opening Statement by Sponsor:

REP. JUNEAU read the title of the bill: An act to increase the permissible number of video gambling machines on a premises from 20 to 22. However, it must provide that the tax revenue from the additional video gambling machines be deposited in the Alternative Education Support Account and the money deposited in the account be used for alternative education programs in school districts in which the dropout rate exceeds the statewide average dropout rate. REP. JUNEAU also provided written testimony; 2000-01 SYR Montana Accredited High Schools with Dropout Rate Greater Than State Average; proposed amendments; information on Video Gambling Tax.

EXHIBIT (buh37a01)

EXHIBIT (buh37a02)

EXHIBIT (buh37a03)

EXHIBIT (buh37a04)

{Tape: 1; Side: A; Approx. Time Counter: 50 - 176}

Proponents' Testimony:

Gene Fenderson, Montana Progressive Labor Caucus, said they stand in strong support of this bill.

{Tape: 1; Side: A; Approx. Time Counter: 176 - 186}

Opponents' Testimony:

Rich Miller, Executive Director, Gaming Industry Association, said the extent of gambling in the State is completed within the purview of this Legislature and is public policy. He then said he opposed the fiscal note. There could be, at best, 250 machines added rather than 554. As for the revenue, he seriously doubted if it was there. A study completed indicated that growth in gambling revenue over the past five years has been 3% which has been adjusted for inflation to be 1.1%. There has been almost no growth in the gaming industry. Adding two additional machines would not produce nearly the revenue that has been stated.

{Tape: 1; Side: A; Approx. Time Counter: 186 - 215}

Rhonda Carpenter, Montana Coin Machine Operators Association, said, historically, it has been the policy of the Association that the gambling tax revenue stay within the general fund and the local governments receive the money in that fund.

{Tape: 1; Side: A; Approx. Time Counter: 215 - 247}

Informational Testimony:

Gene Huntington, Administrator, Gambling Control Division, said there are questions regarding the fiscal note and the amendments, and he said he was there to answer questions.

Questions from Committee Members and Responses:

REP. GALLIK asked Mr. Miller why he was opposed to this legislation as it would allow the gambling industry to expand and create more jobs and more funds. **Mr. Miller** said the machines cost between \$8,000-\$9,000 each. Surveys of the membership indicate it may be counterproductive to add machines. The membership has always opposed earmarking funds coming out of gambling revenues.

{Tape: 1; Side: A; Approx. Time Counter: 254 - 334}

REP. BOOKOUT-REINICKE asked Mr. Huntington if he saw the potential for this legislation to reduce the amount of money that goes to the counties. **Mr. Huntington** said all money that comes from the gross Video Gambling Machine Tax goes to the general fund except fees that are paid for the permits. Half of that money still goes back to local government.

{Tape: 1; Side: A; Approx. Time Counter: 334 - 376}

Closing by Sponsor:

The sponsor closed.

{Tape: 1; Side: A; Approx. Time Counter: 376 - 474}

HEARING ON HB 575

Sponsor: REP. NORMAN BALLANTYNE, HD 86, Valier

Opening Statement by Sponsor:

REP. BALLANTYNE read the title of the bill: An act to establish criteria for the sale and repayment of Montana Treasure State Savings Bonds. It would be modeled after United States Savings Bonds in an amount not to exceed \$40 million with the proceeds to be divided in equal amounts among public education, the

Department of Public Health & Human Services and the general fund.

{Tape: 1; Side: B; Approx. Time Counter: 1 - 38}

Proponents' Testimony: None

Opponents' Testimony: None

Informational Testimony:

Kathy Muri, Department of Administration, said she would answer questions.

Questions from Committee Members and Responses: None

Closing by Sponsor:

The sponsor closed.

{Tape: 1; Side: B; Approx. Time Counter: 55 - 72}

EXECUTIVE ACTION ON HB 575

{Tape: 1; Side: B; Approx. Time Counter: 72 - 100}

Motion/Vote: REP. BOOKOUT-REINICKE moved that HB 575 BE TABLED. Motion carried 18-0.

EXECUTIVE ACTION ON HB 582

Motion/Vote: REP. BOOKOUT-REINICKE moved that HB 582 DO PASS. Motion failed 3-15 with REPS. KEANE, FRITZ, and GALLIK voting aye.

Substitute Motion/Vote: REP. BOOKOUT-REINICKE made a substitute motion that HB 582 BE TABLED AND THE VOTE REVERSED. Substitute motion carried 15-3 with REPS. FRITZ, GALLIK, and KEANE voting no.

HEARING ON HB 603

Sponsor: REP. JOEY JAYNE, HD 73, Arlee

Opening Statement by Sponsor:

REP. JAYNE read the title of the bill: An act to revise the notice requirement for construction liens to provide that the

lien is enforceable only for services or materials provided after notice is given. She then provided some proposed amendments.

EXHIBIT (buh37a05)

{Tape: 1; Side: B; Approx. Time Counter: 100 - 141}

Proponents' Testimony:

Hank Adams, Arlee Lumber Company, said one of the biggest drawbacks to doing business in Montana is this law. He told of an incident in the past, when he was a contractor, and was not paid for a construction job at Flathead Lake. Eventually he was paid for his services. As a supplier, when products are sent to a construction site, the average contractor, on a 30-day account, pays in 53 days. Disputes occur at the end of a job. There must be enforceable lien laws. Somebody is looking out for the homeowner but the suppliers in between have been forgotten.

{Tape: 1; Side: B; Approx. Time Counter: 141 - 255}

Opponents' Testimony:

John Cadby, Montana Bankers Association, said that with this bill, homeowners pay twice. The business man is in business and he takes a risk.

{Tape: 1; Side: B; Approx. Time Counter: 255 - 344}

Informational Testimony: None

Questions from Committee Members and Responses:

REP. MENDENHALL asked Mr. Adams if any other states have this law. **Mr. Adams** indicated there were no other states with this law but there is one similar law which has been introduced by the bankers.

{Tape: 1; Side: B; Approx. Time Counter: 344 - 400}

REP. KEANE asked Mr. Cadby if there are time limits in other states. **Mr. Cadby** said other states were surveyed, but he could not give a definite answer.

{Tape: 1; Side: B; Approx. Time Counter: 400 - 422}

Closing by Sponsor:

The sponsor closed.

{Tape: 1; Side: B; Approx. Time Counter: 422 - 500}

HEARING ON HJR 27

Sponsor: REP. GARY L. FORRESTER, HD 75, Bigfork

Opening Statement by Sponsor:

REP. FORRESTER said this Joint Resolution of the Senate and the House of Representatives of the State of Montana strongly urges the federal government to take steps to stop the airlines' exclusionary practice of offering discounted airfares only on their own internet sites.

{Tape: 2; Side: A; Approx. Time Counter: 1 - 35}

Proponents' Testimony:

REP. KIM GILLAN, HD 11, Billings, said this resolution has a direct negative impact on small business. The people living in the rural areas of the states are disadvantaged and this is a consumer fairness issue.

{Tape: 2; Side: A; Approx. Time Counter: 35 - 80}

Opponents' Testimony:

Riley Johnson, Air Transport Association of America, said the vast majority of airline tickets sold today are the result of purchases by consumers via telephone calls to the airline offices, and through sales by airline agents in airports and web sites. For those customers who purchase tickets through reservation or ticketing agents, the airlines offer the lowest fare for which the consumer is eligible. Travel agents will offer alternatives which would be money saving to the customers.

{Tape: 2; Side: A; Approx. Time Counter: 80 - 141}

Informational Testimony: None

Questions from Committee Members and Responses:

Closing by Sponsor:

The sponsor closed.

{Tape: 2; Side: A; Approx. Time Counter: 141 - 246}

EXECUTIVE ACTION ON HB 597

{Tape: 2; Side: B; Approx. Time Counter: 1 - 300}

Motion: REP. GALVIN-HALCRO moved that HB 597 DO PASS.

Discussion:

REPS. ROME and HAWK said they opposed this bill.

REPS. KEANE, MATTHEWS and BERGREN support this bill.

Vote: A roll call vote was taken. Motion that HB 597 DO PASS carried 11-7 with REPS. HAWK, BITNEY, MAEDJE, MCKENNEY, MORGAN, ROME, and STEINBEISSER voting no.

EXECUTIVE ACTION ON HB 622

Motion: REP. MENDENHALL moved that HB 622 DO PASS.

Motion: REP. BOOKOUT-REINICKE moved that HB 622 BE AMENDED.
EXHIBIT (buh37a06)

Discussion:

REPS. BITNEY and KEANE opposed the amendments.

Vote: A roll call vote was taken. Motion that HB 622 BE AMENDED failed 4-14 with REPS. MCKENNEY, BOOKOUT-REINICKE, MATTHEWS, and ROME voting aye.

Substitute Motion/Vote: REP. MENDENHALL made a substitute motion that HB 622 BE TABLED. A roll call vote was taken. Motion carried 11-7 with REPS. KEANE, FRITZ, GALLIK, GALVIN-HALCRO, MATTHEWS, WEISS, and WILSON voting no.

EXECUTIVE ACTION ON HB 534

Motion/Vote: REP. STEINBEISSER moved that HB 534 BE TABLED. Motion carried 18-0.

EXECUTIVE ACTION ON HJR 27

Motion/Vote: REP. GALVIN-HALCRO moved that HJR27 DO PASS. A roll call vote was taken. Motion failed 8-10 with REPS. KEANE, BERGREN, FRITZ, GALVIN-HALCRO, LAWSON, MATTHEWS, WEISS, and WILSON voting aye.

Motion/Vote: REP. BITNEY moved that HJR 27 BE TABLED AND THE VOTE REVERSED. Motion carried 10-8 with REPS. KEANE, BERGREN, FRITZ, GALVIN-HALCRO, LAWSON, MATTHEWS, WEISS, and WILSON voting no.

ADJOURNMENT

Adjournment: 10:20 A.M.

REP. JOE MCKENNEY, Chairman

ALBERTA STRACHAN, Secretary

JM/AS

EXHIBIT (buh37aad)